



CITY OF MURFREESBORO
COMMUNITY DEVELOPMENT DEPARTMENT
HOUSING REHABILITATION PROGRAM

Owner's Manual

Revised December 2006





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Home is more than a house. Home is where you are making memories for a lifetime. It is also an asset, an asset whose value you want to protect. The City of Murfreesboro is committed to creating a better quality of life for its residents and that includes helping them maintain safe, decent homes. Working through the Community Development Department, the City wants to help you protect what is probably your most valuable tangible asset, your home.

As a house ages, it can develop aches and pains, which, if allowed to continue untreated, may cause it to become unsafe. If you qualify, the Housing Rehabilitation Program may be able to help you bring your home back into a safe, sanitary and decent condition.

This manual explains the process and should answer most of your questions about the program and how to get involved. If you have more questions or want more information about the Housing Rehabilitation Program, call the Murfreesboro Community Development Department (890-4660) or stop by our office in the McFadden Community Center (211 Bridge Ave.).



What can the Murfreesboro Housing Rehabilitation Program do for me?

Rehabilitation work or reconstruction for eligible **owner-occupied, single-family homes** should correct deficiencies and return them to a safe, sound and sanitary condition. Depending on the condition of your home, the Murfreesboro Housing Rehabilitation Program may be able to help you repair or reconstruct your home. If your home is repaired, the City would assist you with a five-year forgivable loan of up to \$25,000. If your home is reconstructed, the forgivable loan will be for 15 years.

Am I eligible for the program?

You and your household must qualify financially. Because the funding for the program comes from state and federal sources, we use the income definitions of HUD's Section 8 program to determine the annual gross income of your household. Your household's annual gross income must fall at or below 80 percent of the area's median income. You'll find the income limits on the final page of the Owner's Manual.

If your household income qualifies, there are several other eligibility requirements:

- You must be a U.S. citizen or a legal resident alien.
- You must have resided in your home for at least one year prior to your application.
- You may not have received assistance from the Murfreesboro Housing Rehabilitation Program within the last 10 years. If a previous owner of your home received assistance within the last 10 years, your home is not eligible.
- If you have already received \$25,000 or more in assistance, you will not be eligible for additional housing rehabilitation assistance. If you received less than \$25,000, you will be eligible to receive the difference between what has already been spent and \$25,000.
- If you purchased your home with assistance from the Murfreesboro Community Development Department's Affordable Housing Assistance Program, you must have completed the compliance period for that loan.
- You must be current with your mortgage payments and all applicable property taxes. You also must have homeowner's insurance covering structural replacement and maintain it throughout the grant compliance period.
- You must acknowledge that resources (family/friends) are readily available if temporary relocation is necessary during the rehabilitation construction period.

- You must be prepared to keep up your home by doing ongoing maintenance and repairs, and addressing safety hazards and health/cleanliness issues.

What is a forgivable loan?

That means we will loan you the money to cover your home's rehabilitation or reconstruction, and if you continue living in your home for the life of the loan, you will not have to repay the loan. If you sell, rent or vacate your home during the life of the compliance period, the balance of the loan must be repaid to the city.

To protect its investment in your property, the City will file a lien on your property with the Rutherford County Register of Deeds. The lien becomes part of your Deed of Trust, but the lien will be removed at the end of the compliance period or if you repay any balance still owed.

What is a lien?

A lien is security against a debt. Your mortgage holder has a lien on your property to protect its interest. Our lien is like a second mortgage.

How long is the life of the loan?

That depends. If we rehabilitate your home, the loan is for five years. If we reconstruct your home, the loan is for 15 years.

Part of the loan is forgiven for each year you live in your home after we complete our project. A five-year rehabilitation loan is reduced by 20 percent for each full year you live in your home. A 15-year reconstruction loan is reduced at the rate of 6.66 percent per year.

What kinds of repairs can the Housing Rehabilitation Program help me with?

If you qualify financially, you will be asked to invite a Murfreesboro codes inspector to visit your home. The inspector will be looking for situations related to unsafe conditions. For the purposes of our program, unsafe conditions generally would be related to your roof, electrical system, plumbing, heating and the structural soundness of your home. The inspector may also decide a situation in your home could become a problem due to age, deterioration, wear, or normal usage within the life of the grant. Costs to correct these potential violations may be eligible.

What isn't eligible?

Because our funds are limited, because we have more households needing assistance than we have funding to handle and because the federal and state agencies have their own rules for what is and isn't eligible, we have to limit what we can fix in your home. The purpose of our program is to rehabilitate, not remodel, your home.

A loan from the Housing Rehabilitation Program may not be used for:

- Renovation of detached accessory buildings;
- Appliances not required by code standards;
- Materials, fixtures, equipment, or landscaping that exceeds what is customarily used in Murfreesboro for properties of the same general type as your home.

What if I don't need \$25,000 in repairs?

If your home only needs, as an example, \$10,000 in repairs, you will not be asked to commit to more than \$10,000 in repairs.

But it looks like the repairs to my home may cost more than the \$25,000 cap?

Because of the \$25,000 limit per project, we may not be able to correct all the problems found during the inspection. If that is the case, we will meet with you to determine the most pressing problems and decide what can be done within the budget allowed for the project.

Sometimes rehabilitation is not feasible and reconstruction is the more cost-effective use of program funds. The \$25,000 cap is waived for housing reconstruction projects.

Who decides if my home is eligible for reconstruction?

The intent of a reconstruction activity is to assist homeowners who might not otherwise be helped due to the prohibitive cost of rehabilitating their existing home. The City may decide a replacement home is the most cost-effective solution to your housing problem. When reconstruction is recommended, we will submit documentation to the Tennessee Housing Development Agency for review. If THDA concurs with the city's recommendation, written permission to proceed will be provided.

A replacement home does not necessarily have to match the existing home in terms of square footage, number of bedrooms and bathrooms, or other design/amenity considerations, but it will provide all permanent residents of the home with safe, decent, and sanitary housing.

If a replacement home is recommended and approved, you may decline the offer. If you do decline reconstruction, we will not be able to help you with rehabilitation assistance.

What happens if something shows up during the construction phase?

We'd be surprised if something doesn't show up. We do our best to anticipate what may be hidden behind a wall or under a floor, but our inspectors don't have x-ray vision. If a change needs to be made in the scope of the project, the change will be explained to you by the contractor and a representative of the Community Development Department. No changes in the project or the price of the project will be made unless you agree in writing.

What happens if I have a problem with something that has been repaired after the rehabilitation project has been completed?

The rehabilitation contract requires the contractor to provide a one-year warranty on the rehabilitation work. If there's a problem, contact the Community Development Office and we will help you get your problem resolved.

I like what I'm hearing and I think I qualify financially. What do I do next?

Complete and return the Family Survey you received with this Owner's Manual. If, based on this information, our office agrees that your household may qualify for the Housing Rehabilitation Program, we will send you an application package.

What's in the application package?

First, you will find detailed instructions for completing the various forms in the package. The application asks for information on you and all permanent members of your household. The application will ask for information about your income, your assets, your employment, your citizenship status and your home. One is a request for a City inspector to conduct a preliminary inspection your home. Your signature on some of the forms in the packet authorizes our office to request verification of information required for the application. We will not ask you for any information that isn't necessary to comply with the policies and procedures of our program and applicable state and federal requirements governing our program.

Also in the packet is a copy of the pamphlet *Protect Your Family from Lead in Your Home*. If your home was built before 1978, there is a possibility that lead-based paint was used. Lead from paint, chips and dust can pose serious health hazards if not taken care of properly. Federal law requires us to provide information about lead hazards before we can help you with rehabilitating your home. We will ask for your signature twice on the

application form. One certifies you have received a copy of the pamphlet *Protect Your Family from Lead in Your Home*.

When you return the application and the Request for Code Inspection, we will arrange for the preliminary inspection of your home.

Your application is complete when we have received all the required information and verifications. We will notify you when your application is complete.

Do you have a waiting list?

We do. Again, our program funds are limited and the requests for rehabilitation assistance exceed our ability to fund all of them. Your name will go on the list when your application is complete. Where your name goes on the list will be determined based on the information in your application.

Another factor which limits the number of projects we can do at one time is contractor availability. Once we begin your project, we want to be sure it's completed in a timely fashion. That won't happen if we overstretch our contractors.

If I complete my application and qualify for the Housing Rehabilitation Program, will my name automatically go on the waiting list?

No. Because our funds are limited, we are limited in the number of homeowners we can help in any given year. The waiting list will be closed when the estimated costs for rehabilitation or reconstruction for approved applicants exceed 115 percent of that year's funding allocation. No new applications will be accepted until funding is again available.

How does the waiting list work?

If you qualify for the Housing Rehabilitation Program, you will be assigned to a waiting list based on financial need, the household with the greatest need first, the next household second and so on until funds allocated for rehabilitation are expended. We use a ranking system developed and approved by THDA. The system includes factors for varying levels of income, whether members of the household are elderly or minors, whether any members of the household are disabled and whether the head of the household is female. You can view the ranking system on the City Web site (www.murfreesborotn.gov) or at the Community Development Department office.

Should households have identical financial needs as established by the ranking system, condition of the dwelling structure will determine priority. Dwelling condition will be determined after an inspection by the Murfreesboro Building and Codes Department. If

scores remain tied, the application with the ***earliest date of completion*** will have precedence. You will be notified when your name is next on the waiting list.

The waiting list is maintained by the Community Development Department and updated as applications are completed and households ranked. Your name will be removed from the waiting list when your rehabilitation or reconstruction work begins, or if you ask us in writing to remove it. At least once a year, usually in June, the month before the beginning of our program year, any applicants on the waiting list will be contacted to verify they wish to remain on the list.

If you're on the waiting list and you qualify for emergency repairs, your name will not be removed from the waiting list unless the emergency repairs fix the major condition which qualified your home for the housing rehabilitation program.

You've notified me that my home is next on your list. What happens next?

First, we'll thank you for being patient. Hang onto that patience. You'll need it in the next couple of months.

A number of things will be happening at what may seem to be the same time.

- If it's been more than six months since you completed your application, we'll ask you to verify your income again. We know it may be inconvenient, but it's a requirement passed along to us by our state and federal funding sources.
- Someone from our program will come to your home and make a detailed inspection based on the preliminary inspection. Based on the detailed inspection, our office will do a detailed work write-up. This is an important document because it will be the basis for bids from contractors.
- An inspector will come to your home to do a lead-based paint assessment. If your home was constructed before 1978, there is a possibility lead-based paint was used in your home. How the contractor handles your project will depend on the results of this assessment. If the assessment shows the presence of lead-based paint, clearance testing will be done at the completion of the rehabilitation project. You will be notified of testing results.
- The lead-based testing assessment is done. Now our office will update the work write-up if necessary and prepare cost estimates. You will be consulted as this is done and sign off on the final work write-up. Please remember it may not be possible to do all the work you want. Only work that corrects a code violation, meets a code requirement or is an eligible activity can be funded, and we cannot exceed the program funding cap.

- When all that is done, we will advertise for bids.
- We will meet with interested contractors at your home for a pre-bid conference to go over the scope of the project and give potential bidders an up-close look at what the successful bidder will be dealing with. You will be asked to verify your role in the project. For example, if furniture has to be moved during the project, who will do the moving? where will it be stored during the work? and who will move it back after the work is done?
- Contractors submit their bids. The lowest bid generally will prevail. Before a bid is accepted, we confirm that the contractor is eligible to bid. This is for your protection. There must be at least three competitive bids for a contract to be awarded. If we don't receive three bids, we will ask you whether you want to re-bid the project as written or change the scope of the project and ask for new bids.

The bids have been received and a bid accepted. What next?

You will now sign a written contract with the contractor. **The contract is between you and the contractor. The City is your technical advisor on the project.** Since the City is lending you the money to pay the bill for the project, the Mayor and Council will have to sign off on the contract, as well.

The contract is signed. How soon will work on my home begin?

That is up to you and the contractor to negotiate, but a contractor who can't begin work on your home within 15 working days of the contract's approval probably shouldn't have bid on your job.

Work has started on my home. Who makes sure it is being done correctly?

The City will conduct inspections throughout the construction phase. Compliance inspections will be made as often as necessary to be sure the work done meets all applicable codes. We'll also be checking to make sure the work meets the terms of your contract.

We're in the middle of the project and I have been told there is damage behind one of my walls. What do I do?

Situations which did not show up during the work write-up are not uncommon in the housing rehabilitation process, and they can change the scope of work, especially if the new problem must be resolved to correct the underlying code deficiency. In such a case, a change order may be initiated.

Change orders must be submitted in writing to the Community Development Department. The City inspector assigned to the project, the homeowner, the contractor and the Community Development Director must sign off on the change order. Because a change order may alter the City's financial commitment to the project, all change orders must be approved by the Murfreesboro Mayor and Council.

Change orders for a project may not exceed 10 percent of the original rehabilitation contract. A change order that would cause the cost of the project to exceed the \$25,000 cap must be approved by the Mayor and Council and THDA (if THDA funding is involved) before work on the change order may proceed.

The contractor didn't show up today. What should I do?

Remember patience? There probably will be days when the contractor is only on the site for a couple of hours – or isn't there at all. This can happen for any number of reasons; for example, a part needed for the next step of the project is backordered or a subcontractor who is needed for the next step of your project won't be available until tomorrow. Delays happen, but it is not unreasonable for the contractor to let you know when workers will or will not be on site working on your project. If you feel the contractor is not fulfilling the terms of the contract, contact the Community Development Department.

The contractor says he has finished his work. What next?

Several more steps and we'll be through.

The contractor, a representative of the Community Development Department and you will conduct a final inspection. In most cases, the "final inspection" is not final. If additional work, clean-up or corrections are needed, a written punch list will be developed during the final inspection. We will be working with you to make sure this work is done to your satisfaction. The work on this punch list has to be done before final payment is made.

If lead-based paint was detected on the original assessment, the lead-based paint inspector will come back and do clearance testing when the punch list is complete. You will be notified in writing when the lead-based paint clearance is issued.

What do I do if I have a problem and I'm the only one who seems to want to get it settled?

Disputes between you and the contractor may arise from time to time during the life of the rehabilitation project. If there is a dispute and you and the contractor can't work it out to your satisfaction, you may file a grievance in writing with the Community Development Director who then will attempt to negotiate a settlement. If you're still not satisfied, the grievance procedure specified in the Murfreesboro Housing Rehabilitation Program *Policies and Procedures Manual* should be followed. Copies of the manual are available for viewing at the Community Development Department (211 Bridge Ave.), City Hall (111 W. Vine St.) or the City Web site (www.murfreesborotn.gov).

Financial eligibility for the Murfreesboro Housing Rehabilitation Program is based on HUD's Section 8 income definitions. In Murfreesboro, the household's annual gross income may not exceed 80 percent of the median income in the Nashville-Murfreesboro MSA. To receive emergency repair funding assistance, the household's annual gross income must be less than 50 percent of the median income in the Nashville-Murfreesboro MSA. These numbers are determined by HUD and are subject to change. Below are the income limits currently in effect:

Family Size	Annual Income – 80%	Annual Income – 50%
1	\$ <u>34,500</u>	\$ <u>21,550</u>
2	\$ <u>39,450</u>	\$ <u>24,650</u>
3	\$ <u>44,350</u>	\$ <u>27,700</u>
4	\$ <u>49,300</u>	\$ <u>30,800</u>
5	\$ <u>53,250</u>	\$ <u>33,250</u>
6	\$ <u>57,200</u>	\$ <u>35,750</u>
7	\$ <u>61,150</u>	\$ <u>38,200</u>
8	\$ <u>65,100</u>	\$ <u>40,650</u>

Nashville-Murfreesboro MSA, Effective March 2006

While every attempt has been made to be sure the information in this manual reflects the approved policies and procedures of the Murfreesboro Housing Rehabilitation Program, statements in the *Murfreesboro Housing Rehabilitation Policies and Procedures Manual* take precedence over statements in the Owner's Manual.

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